

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1632

February 20, 2009

SUMMARY OF BILL: Requires ten cents of every dollar collected by the Tennessee Education Lottery Corporation (TELC) to be deposited into a newly created K-12 Building Account for the purpose of funding K-12 capital construction projects.

ESTIMATED FISCAL IMPACT:

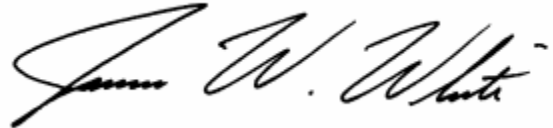
Other Fiscal Impact - A shift of use for approximately \$101,148,200 per year. The shift consists of a decrease of funds deposited to the Lottery for Education Account which are earmarked for scholarships and grants, and an increase of funds deposited to the new K-12 Building Account that will be earmarked for K-12 capital construction projects.

Assumptions:

- The mid-point of the range adopted by the State Funding Board for net lottery proceeds for FY09-10 is \$273,100,000.
- Approximately 27 percent of net lottery ticket sales are returned to the state as net lottery proceeds.
- Net lottery ticket sales for FY09-10 are estimated to be \$1,011,481,500 ($\$273,100,000 / 27\% = \$1,011,481,481$).
- Net ticket sales remain constant into subsequent fiscal years.
- Capturing ten cents of every dollar collected and depositing these funds directly into the K-12 Building Account will cause a proportional decrease to net lottery proceeds that would have been deposited to the Lottery for Education Account and utilized for funding scholarships and grants.
- The increase of funds to be deposited to the K-12 Building Account is estimated to be \$101,148,200 per year ($\$1,011,481,500 \times 10\% = \$101,148,150$).
- The decrease of funds deposited to the Lottery for Education Account is estimated to be \$101,148,200 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc